

§ 551.5

Stamp Advisory Committee to be inconsistent with the spirit, intent, or history of the Semipostal Authorization Act.

(e) Artwork and stamp designs should not be submitted with proposals.

§ 551.5 Frequency and other limitations.

(a) The Postal Service is authorized to issue semipostal stamps for a 10-year period beginning on the date on which semipostal stamps are first sold to the public under 39 U.S.C. 416. The 10-year period will commence after the sales period of the *Breast Cancer Research* stamp is concluded in accordance with the Stamp Out Breast Cancer Act, and as amended by the Semipostal Authorization Act, the Breast Cancer Research Stamp Act of 2001, and Public Law 107-67, section 650, 115 Stat. 514. The Office of Stamp Services will determine the date of commencement of the 10-year period.

(b) The Postal Service will offer only one semipostal stamp for sale at any given time during the 10-year period.

(c) The sales period for any given semipostal stamp is limited to no more than 2 years, as determined by the office of Stamp Services.

(d) Prior to or after the issuance of a given semipostal stamp, the Postal Service reserves the right to withdraw the semipostal stamp from sale, or to reduce the sales period, if, *inter alia*:

(1) Its sales or revenue statistics are lower than expected,

(2) The sales or revenue projections are lower than previously expected, or

(3) The cause or recipient executive agency does not further, or comply with, the statutory purposes or requirements of the Semipostal Authorization Act. The decision to withdraw a semipostal stamp is to be made by the postmaster general, after review of supporting documentation prepared by the office of Stamp Services.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5215, Feb. 5, 2002]

§ 551.6 Pricing.

(a) The Semipostal Authorization Act, as amended by Public Law 107-67, section 652, 115 Stat. 514 (2001), prescribes that the price of a semipostal stamp is the rate of postage that would

39 CFR Ch. I (7-1-02 Edition)

otherwise regularly apply, plus a differential of not less than 15 percent. The price of a semipostal stamp shall be an amount that is evenly divisible by five. For purposes of this provision, the First-Class Mail® single-piece first-ounce rate of postage will be considered the rate of postage that would otherwise regularly apply.

(b) The prices of semipostal stamps are determined by the Governors of the United States Postal Service in accordance with the requirements of 39 U.S.C. 416.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5216, Feb. 5, 2002]

§ 551.7 Calculation of funds for recipient executive agencies.

(a) The Postal Service is to determine its reasonable costs in executing its responsibilities pursuant to the Semipostal Authorization Act, as specified in § 551.8. These costs are offset against the revenue received through sale of each semipostal stamp in excess of the First-Class Mail single-piece first-ounce rate in effect at the time of purchase.

(b) Any reasonable costs offset by the Postal Service shall be retained by it, along with revenue from the sale of the semipostal stamps, as recorded by sales units through the use of a specially designated account.

(c) The Postal Service is to pay designated recipient executive agency(ies) the remainder of the differential revenue less an amount to recover the reasonable costs of the Postal Service, as determined under § 551.8.

(d) The amounts for recipient executive agencies are transferred in a manner and frequency determined by mutual agreement, consistent with the requirements of 39 U.S.C. 416.

§ 551.8 Cost offset policy.

(a) Postal Service policy is to recover from the differential revenue for each semipostal stamp those costs that are determined to be attributable to the semipostal stamp and that would not normally be incurred for commemorative stamps having similar sales; physical characteristics; and marketing, promotional, and public relations activities (hereinafter “comparable stamps”).

United States Postal Service

§ 551.8

(b) Overall responsibility for tracking costs associated with semipostal stamps will rest with the Office of Accounting, Finance, Controller. Individual organizational units incurring costs will provide supporting documentation to the Office of Accounting, Finance, Controller.

(c) For each semipostal stamp, the Office of Stamp Services, in coordination with the Office of Accounting, Finance, Controller, shall, based on judgment and available information, identify the comparable commemorative stamp(s) and create a profile of the typical cost characteristics of the comparable stamp(s) (*i.e.*, manufacturing process, gum type), thereby establishing a baseline for cost comparison purposes. The determination of comparable commemorative stamps may change during or after the sales period, if the projections of stamp sales differ from actual experience.

(d) Except as specified, all costs associated with semipostal stamps will be tracked by the Office of Accounting, Finance, Controller. Costs that will not be tracked include:

(1) Costs that the Postal Service determines to be inconsequential, small, which include those cost items not exceeding \$3,000 per invoice;

(2) Costs for which the cost of tracking would be burdensome (*e.g.*, costs for which the cost of tracking exceeds the cost to be tracked);

(3) Costs attributable to mail to which semipostal stamps are affixed (which are attributable to the appropriate class and/or subclass of mail); and

(4) Administrative and support costs that the Postal Service would have incurred whether or not the Semipostal Stamp Program had been established.

(e) Cost items recoverable from the differential revenue may include, but are not limited to, the following:

(1) Packaging costs in excess of the cost to package comparable stamps;

(2) Printing costs of flyers and special receipts;

(3) Costs of changes to equipment;

(4) Costs of developing and executing marketing and promotional plans in excess of the cost for comparable stamps; and

(5) Other costs specific to the semipostal stamp that would not normally have been incurred for comparable stamps.

(f) The Semipostal Stamp Program incorporates the following provisions that are intended to maximize differential revenues available to the selected causes. These include, but are not limited to, the following:

(1) Avoiding, to the extent practicable, promotional costs that exceed those of comparable stamps;

(2) Establishing restrictions on the number of concurrently issued semipostal stamps; and

(3) Making financial and retail system changes in conjunction with regularly scheduled revisions.

(g) Other costs attributable to semipostals but which would normally be incurred for comparable stamps would be recovered through the postage component of the semipostal stamp price. These include, but are not limited to, the following:

(1) Costs of stamp design (including market research);

(2) Costs of stamp production and printing;

(3) Costs of stamp shipping and distribution;

(4) Estimated training costs for field staff, except for special training associated with semipostal stamps;

(5) Costs of stamp sales (including employee salaries and benefits);

(6) Costs associated with the withdrawal of the stamp issue from sale;

(7) Costs associated with the destruction of unsold stamps; and

(8) Costs associated with the incorporation of semipostal stamp images into advertising for the Postal Service as an entity.

[66 FR 31826, June 12, 2001, as amended at 67 FR 5216, Feb. 5, 2002]